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THE CONFERENCE BOARD

Corporate Profits 1980

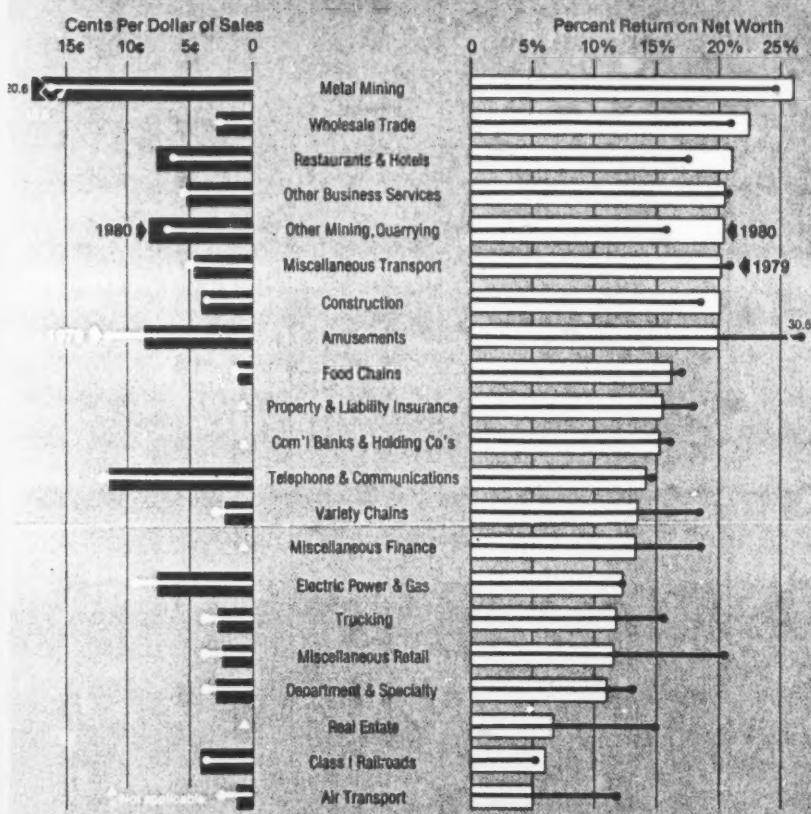
Economic Road Maps
No. 1902

May, 1981

Recession and inflation were the two major forces influencing corporate profits in 1980. According to the latest annual Citibank survey, after-tax profits of all corporations, as reported to stockholders, were up 2% in 1980 over 1979. The increase in manufacturing was less than 1 percent. Manufacturers' sales rose 14% but their margin on sales was 4.9% in 1980, down from 5.6% in 1979. After adjustments of manufacturers' earnings for inflation, real after-tax profits declined 8% in 1980.

Profits After Taxes-Nonmanufacturing

Leading Corporations: 1980 vs 1979



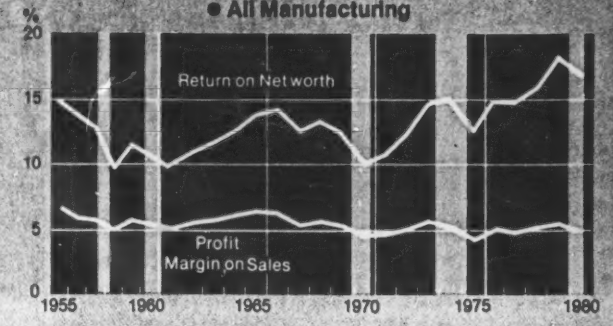
The year's profit picture was dominated by the results in two industries—oil and automobiles. The petroleum industry accounted for 43% of the profits and 36% of the sales of all manufacturing in 1980, in contrast to 1972 when it had 20% of the profits and 16% of sales. After-tax profits for the rest of manufacturing declined in the aggregate by 13% in current dollars and over 20% in real terms, on a sales rise of 6 percent. These results include the auto industry, which suffered an unprecedented loss of $4.5 billion in 1980. Removing both petroleum and automobiles, manufacturers' after-tax profits in 1980 were up 3% on an increase of 10% in sales.

Eva Culen

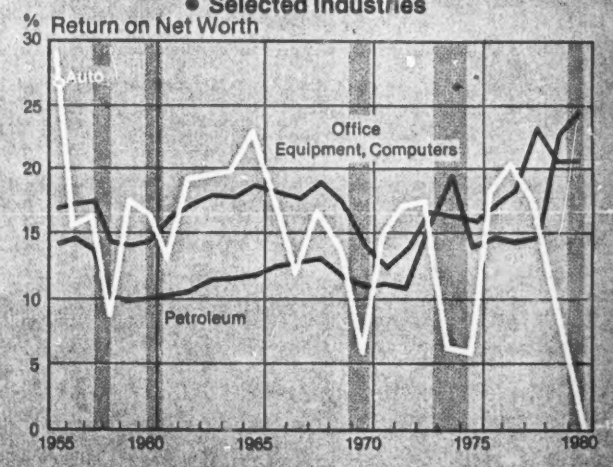
Sources: Citibank; The Conference Board.

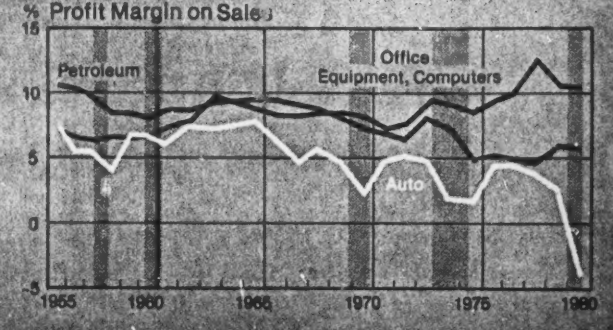
A Quarter Century of Profits

● All Manufacturing



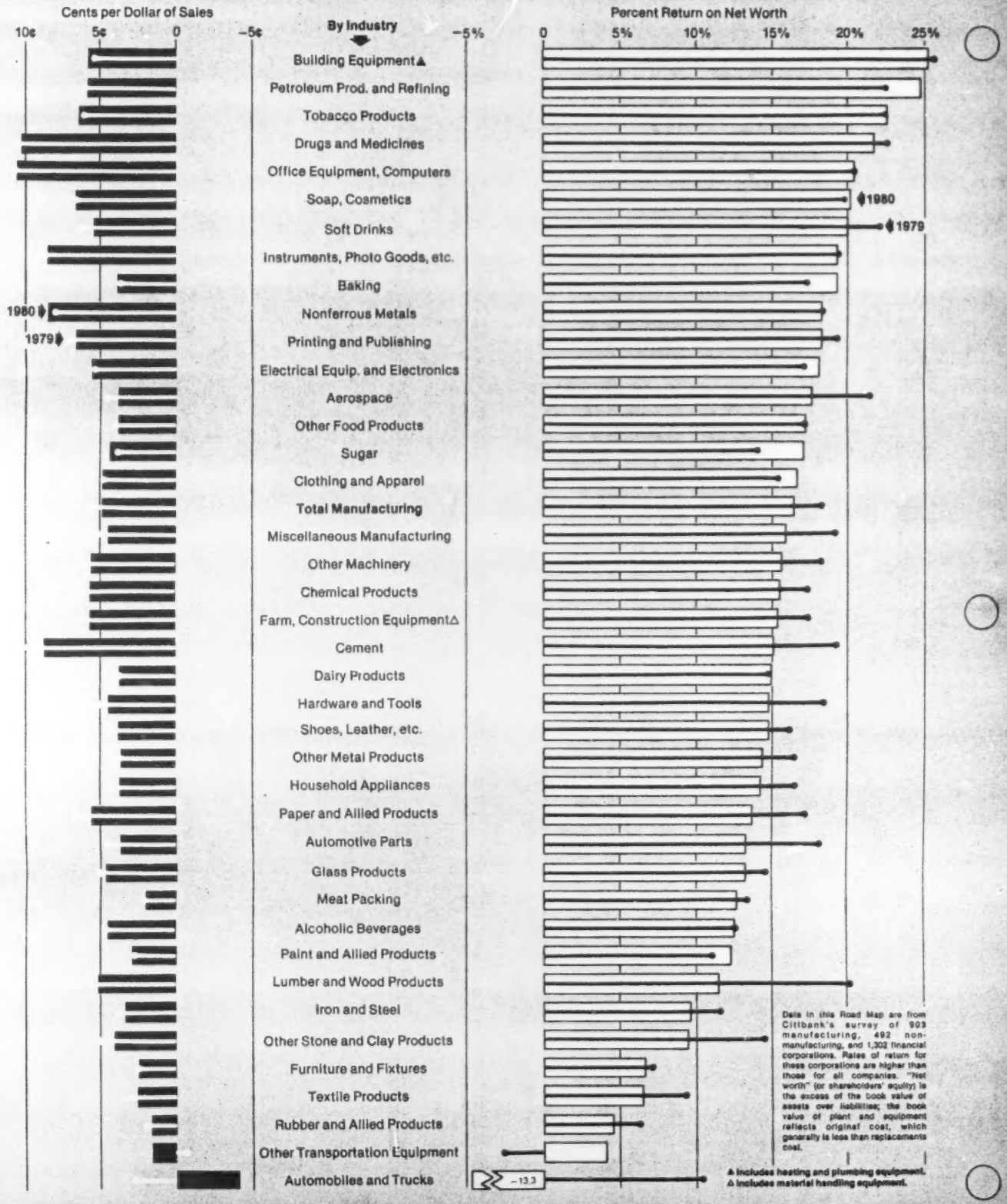
● Selected Industries





Profits After Taxes–Manufacturing

Leading Corporations: 1980 vs. 1979



Data in this Road Map are from Citibank's survey of 903 manufacturing, 492 non-manufacturing, and 1,302 financial corporations. Rates of return for these corporations are higher than those for all companies. "Net worth" (or shareholders' equity) is the excess of the book value of assets over liabilities; the book value of plant and equipment reflects original cost, which generally is less than replacements cost.

▲ Includes heating and plumbing equipment.
△ Includes material handling equipment.

ECONOMIC ROAD MAPS

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